

TO: Participating GRH Lenders  
FROM: Iowa's USDA, Rural Housing Service Single Family  
Guaranteed Rural Housing (SF-GRH), June 2003

**\*\* PLEASE DISTRIBUTE TO ALL WHO UTILIZE THE GRH PROGRAM \*\***

## **NEW NEWS**

**JUNE IS HOME OWNERSHIP MONTH.** USDA, Rural Development has various events happening around the state to celebrate (ribbon cuttings, presentation of home keys, etc.). We encourage you to do the same!

If you haven't already heard the news, Iowa Finance Authority has reduced the interest rate for the FirstHome Program! The interest rate for 25 or 30 year fixed-rate mortgages will be **5.125%** effective June 2, 2003. If you are not already a participating lender, please contact Lisa Braunschweig at Iowa Finance Authority, 100 E. Grand, Suite 250, Des Moines, IA 50309, (515) 242-4990 or 1-800-432-7230, or email: [lisa.braunschweig@ifa.state.ia.us](mailto:lisa.braunschweig@ifa.state.ia.us).

**LOSS CLAIM PROCESSING** - Don't forget that a **DISPOSITION PLAN** must be issued to RD for concurrence within 30 days of acquisition of a GRH property. The new AN 3861 may be found at <http://rdinit.usda.gov/regs/an/an3861.pdf>. The fillable (corrected) Disposition Plan is attached plus a letter to our state approved lenders.

**LENDER CLASSIFICATION** - We believe that we are privileged to work with some outstanding lenders in Iowa. We believe it is imperative that we share our expectations relative to lender servicing performance with you. Therefore, we have started classifying lenders using an informal 3-part process to see how the various institutions rank within their peer group. The attached document expands on this.

The **Iowa GRH Handbook** at <http://www.rurdev.usda.gov/ia/rhsg.html> has been updated with the following changes:

Table of Contents - Now includes link for Administrative Notices (ANs).

Page 4 - Now includes the wording to allow outbuildings.

Exhibit H-1 - Includes the Income Tax Returns on the checklist for refinance loans.

As you can imagine, our **e-mail list** is quite extensive. We need your help with the maintenance. Please let us know of any additions or deletions that may need to be made to this list. We will be deleting any of those that we find are "undeliverable" in the future.

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WOW. Iowa is almost 50% ahead of this time last year in funds usage. We really appreciate your participation in the program.

We are holding the most reservations ever. Please let us know if any of these have fallen through.

Funds remain available. Our fax machine is waiting for those reservation requests!

## **PROCESSING**

Please be sure to obtain the applicant's signature(s) on Form 1980-21, Request for Single Family Housing Loan Guarantee, revision 1/03, prior to submission to RD.

Please be sure to fax those **reservations** prior to sending the guaranteed application package. This ensures the funding availability for the particular loan.

Don't Forget - Conditional Commitments cannot be issued until the complete **Underwriting** document and acceptable **Termite** Inspection are received.

The GRH Fee is 1.5% for new loans and 0.5% for refinance loans.

Our staff remains committed to providing excellent service with a **24 hour turnaround** of complete application packages.

Don't Forget - Updated Checklists are always available online in our handbook:  
<http://www.rurdev.usda.gov/ia/rhsg.html>

## **NEW ANs**

**AN 3861** - Single Family - Guaranteed Rural Housing (SF-GRH), Lender Real Estate Owned Property Disposition Plans

<http://rdinit.usda.gov/regs/an/an3861.pdf>

The purpose of this AN is to clarify the provisions of RD Instruction 1980-D regarding the content and submission requirements for SF-GRH lender real estate owned (REO) property disposition plans.

**AN 3848** - Single Family Housing Guaranteed Loan Program Acceptable Alternative Documentation to Verify the Applicant's Employment Income

<http://rdinit.usda.gov/regs/an/an3848.pdf>

The purpose of this AN is to elaborate upon the acceptable forms of employment income verifications for loans guaranteed under the Single Family Housing Guaranteed Loan Program.

## **USEFUL INFO**

Iowa GRH Handbook <http://www.rurdev.usda.gov/ia/rhsg.html>

All Iowa GRH Newsletters <http://www.rurdev.usda.gov/ia/rhsgupdate.html>

RD Properties for Sale <http://www.resales.usda.gov/>

USDA, Rural Development <http://www.rurdev.usda.gov/>

Iowa USDA, Rural Development <http://www.rurdev.usda.gov/ia/>

USDA, Rural Development offices will be **closed** on the following holidays:

Friday, July 4, 2003 - Independence Day

Monday, September 1, 2003 - Labor Day

Iowa State Office Single Family Housing Staff

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To request **changes to our email list** such as removals or additions, please e-mail [lynn.eilders@ia.usda.gov](mailto:lynn.eilders@ia.usda.gov) with your request. Be sure to include contact name, business name, location, and email address. We appreciate your assistance with the maintenance of our email list. Thank you.

The following were two **additional attachments** to the original e-mail newsletter. These documents may now be found on the Updates page at <http://www.rurdev.usda.gov/ia/rhsgupdate.html> .

- ☆ Disposition Plan Letter
- ☆ Disposition Plan

June 2, 2003

TO: Participating SF-GRH Lenders  
ATTENTION: Servicing and Loss Claim Managers  
FROM: Ambrose McGuire  
Iowa Rural Housing Program Director  
SUBJECT: Single Family - Guaranteed Rural Housing (SF-GRH)  
Lender Classification in Iowa

We believe that we are privileged to work with some outstanding lenders in Iowa. Further, we believe it is imperative that we share our expectations relative to lender servicing performance with you.

Therefore, we have started to classify lenders using a rather informal 3-part process to see how the various institutions rank within their peer group.

The following servicing levels and loss claim data helps explain what we expect:

Lenders with a **total** delinquency of:

9 - 10%	=	D
8 - 9%	=	C
7 - 8%	=	B
less than 7%	=	A

☆ the current month's state average is 6.30%

Lenders with a **first year** delinquency of:

3 - 4%	=	D
2 - 3%	=	C
1 - 2%	=	B
less than 1%	=	A

☆ the current month's 1st year delinquency average is 0.937% in Iowa

The third portion of the classification is the percentage of loss claims submitted as a percentage of caseload.

We expect the following performance level for lenders who properly service well-underwritten loans:

Annual Loss caseload percentage:

4 - 5%	=	D
3 - 4%	=	C
2 - 3%	=	B
less than 2%	=	A

Lenders may periodically utilize these numbers to see where they stand relative to our expectations.

Please contact us at 515-284-4666 if there are any questions.